

Economic Development Incentive Program (EDIP)



Fiscal Year 2017 Annual Report

Massachusetts Office of Business Development

September 30, 2017

Table of Contents

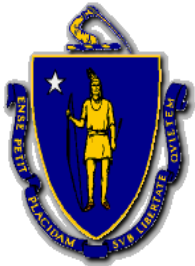


Content

Page

Letter from EDIP Director.....	3
Mass Office of Business Development.....	4
FY 2017 EDIP Projects.....	5
FY 2017 Accomplishments.....	13
FY 2018 Goals & Initiatives.....	17
FY 2017 EDIP Projects Approved.....	18
EDIP Projects Fiscal Year Comparison.....	23
EACC Board Members.....	24
Contact Information.....	25
Statutory References.....	26

Letter from EDIP Director



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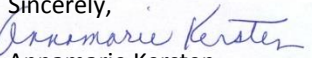
September 30, 2017

Dear Governor Baker:

On behalf of the Massachusetts Office of Business Development (MOBD) we are pleased to send you the Economic Development Incentives Program (EDIP) Fiscal Year 2017 Annual Report in accordance with Section 3C(3) of Chapter 23A of the Massachusetts General Laws. This Annual Report covers the Economic Assistance Coordinating Council (EACC) and the Economic Development Incentive Program (EDIP) for Fiscal Year (FY) 2017, ending June 30, 2016.

The EDIP continues to be the largest job creation incentive in the Commonwealth. In fiscal year 2017 sixty-one (61) projects were approved across the Commonwealth with the potential to create 3,750 jobs, the retention of 11,460 jobs and a private investment of \$1.8 billion from the Berkshires to the Cape, from Amesbury to Agawam. Since the Baker-Polito Administration took office in 2015, 150 projects have received approval, leading to the potential creation of 8,281 new jobs, the retention of 20,071 existing jobs and leveraging of over \$3.1 billion in private investment. During this time period the EACC has assisted 64 manufacturers through the EDIP and has supported 72 projects in Gateway Cities. The signing of Chapter 219 of the Acts of 2016 *"An Act Relative to Job Creation and Workforce Development"* generated significant changes to the EDIP and improved our flexibility to incent meaningful economic development projects.

Sincerely,


Annamarie Kersten
EDIP Director

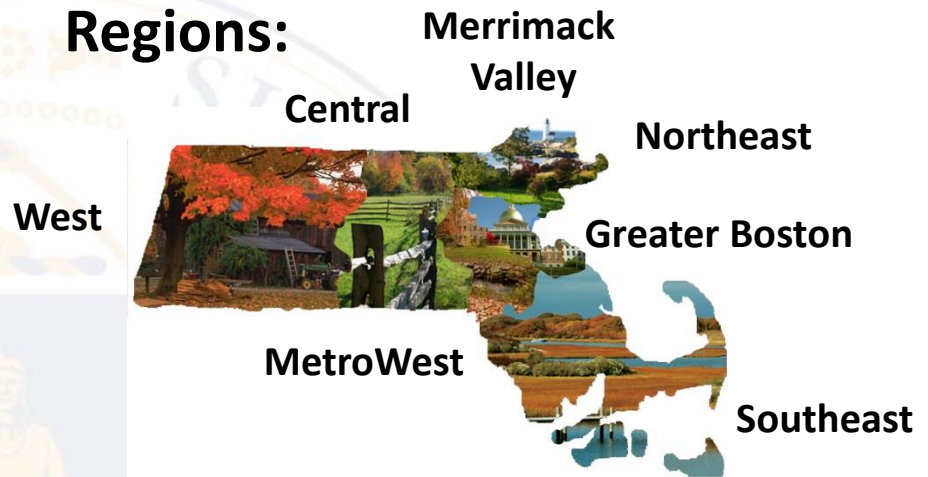
cc The Senate Committee on Ways and Means / The House Committee on Ways and Means / The Joint Committee on Labor and Workforce



Mission

- Facilitate access to resources
- Promote job growth and retention
- Stimulate private investment
- Help businesses thrive in Massachusetts

Regions:



Resources

- | | |
|--------------------------------|--------------------------|
| • Financing | • Permitting |
| • Workforce Training | • Infrastructure Support |
| • Tax Incentives | • Site Finding |
| • Export / International Trade | • Business Consultation |
| • Industry Expertise | |

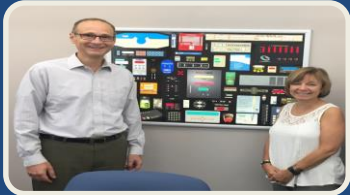
Notable Fiscal Year 2017 EDIP Projects



Fiscal Year 2017 EDIP Projects



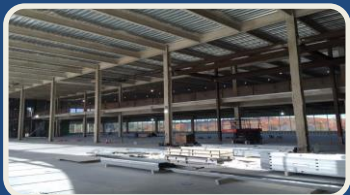
61 Projects Approved



3,750 Jobs to be Created



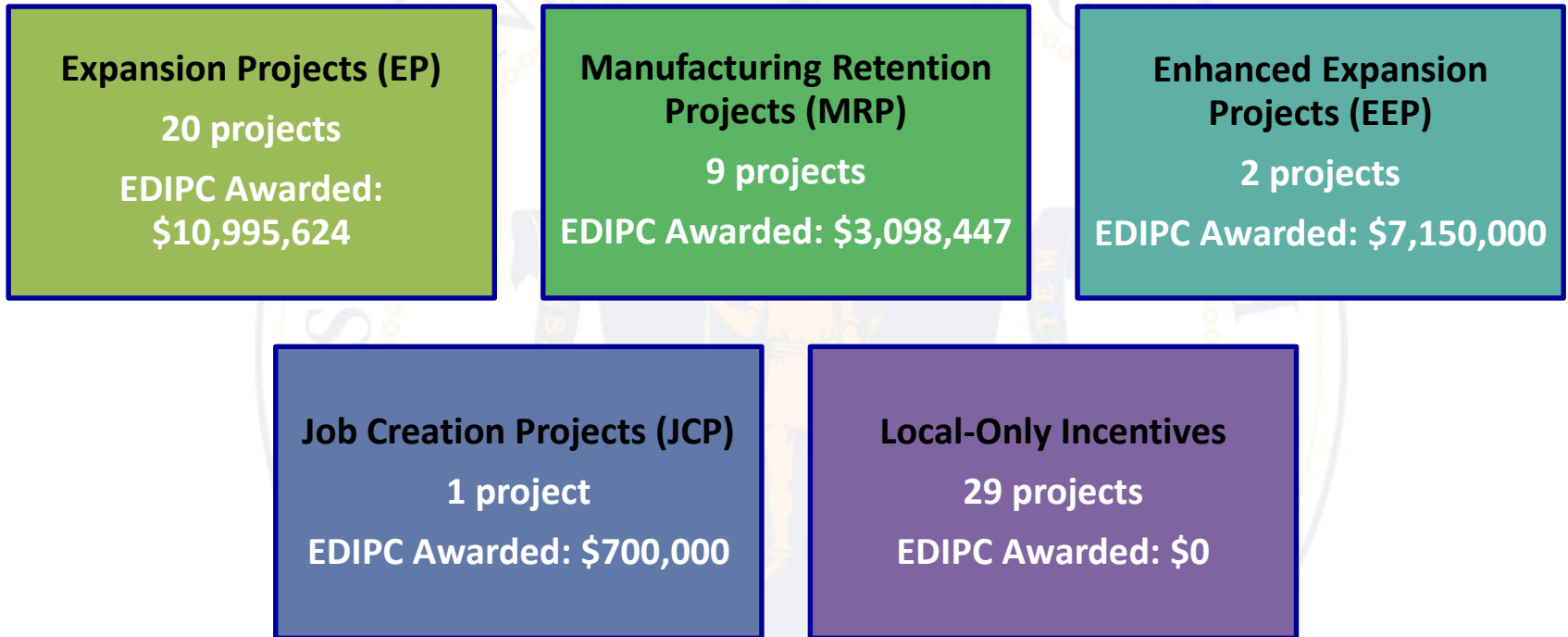
11,460 Jobs to be Retained



\$1.8 Billion Private Investment



EDIP Breakdown by Project Type



EDIPC = Economic Development Incentive Program Tax Credits

Fiscal Year 2017 EDIP Projects



Breakdown by Type of Project

Expansion Projects	Manufacturing Retention Projects	Enhanced Expansion Projects	Job Creation Projects	Local Incentives Only
EP	MRP	EEP	JCP	Local
<ul style="list-style-type: none">• 20 Projects• 903 Jobs Created• 2,075 Jobs Retained• \$235 million Private Investment• \$12,177 EDIPC per job created	<ul style="list-style-type: none">• 9 Projects• 321 Jobs Created• 387 Jobs Retained• \$34 million Private Investment• \$9,652 EDIPC per job created	<ul style="list-style-type: none">• 2 Projects• 760 Jobs Created• 4,030 Jobs Retained• \$239 million Private Investment• \$9,408 EDIPC per job created	<ul style="list-style-type: none">• 1 Project• 700 Jobs Created• 1,666 Jobs Retained• \$136 million Private Investment• \$1,000 EDIPC per job created	<ul style="list-style-type: none">• 29 Projects• 1,066 Jobs Created• 3,302 Jobs Retained• \$1.2 billion Private Investment• \$0 EDIPC per job created

Fiscal Year 2017 EDIP Projects



EDIP FY 2017 Results: Regional Snapshot

Region	Number of Projects	New Jobs	Retained Jobs	Private Investment	EDIPC* Awarded
Central	6	80	225	\$30,000,000	\$750,000
Greater Boston	15	1,860	6,530	\$774,587,864	\$13,820,000
Merrimack Valley & MetroWest	8	1,045	2,485	\$783,821,750	\$1,131,380
Northeast	4	223	142	\$5,799,500	\$2,000,000
Southeast	13	338	1,067	\$156,184,520	\$2,688,841
West	15	258	1,011	\$68,455,979	\$1,553,850
Total	61	3,750	11,460	\$1,818,849,613	\$21,944,071

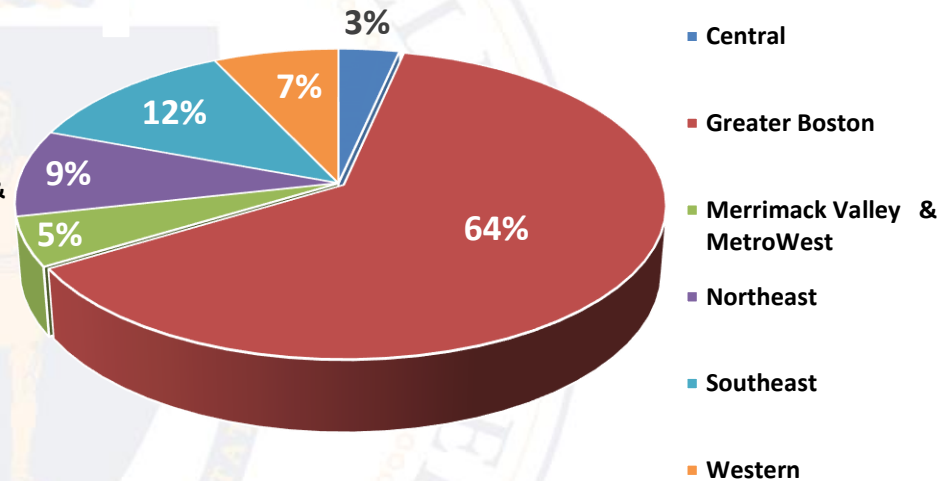
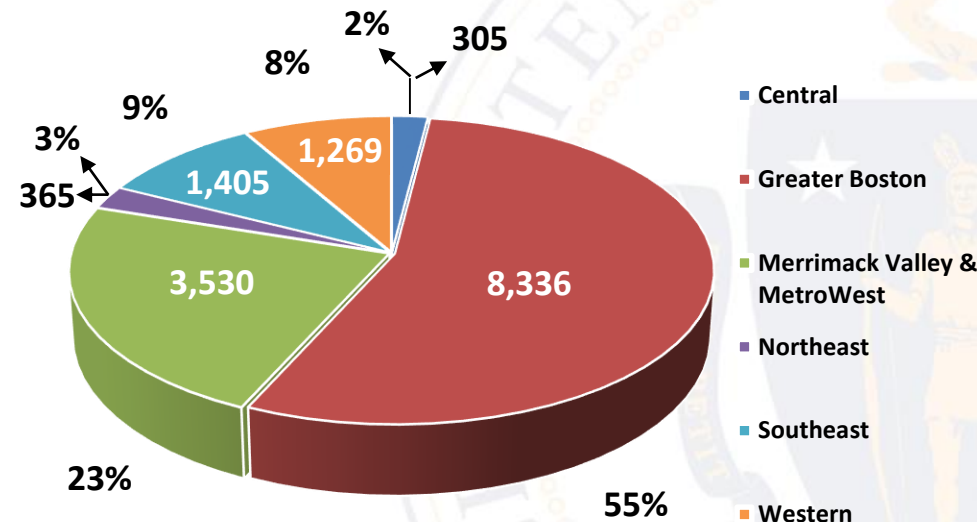
*Economic Development Incentive Program Credit

Fiscal Year 2017 EDIP Projects



Job Impact* By Region (#)

EDIPC** Awarded by Region (\$)



*Job Impact is Jobs Created and Jobs Retained

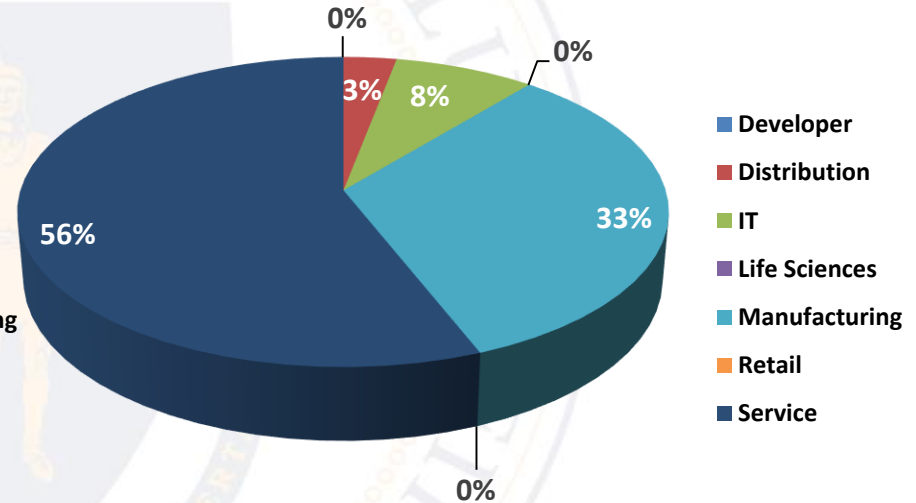
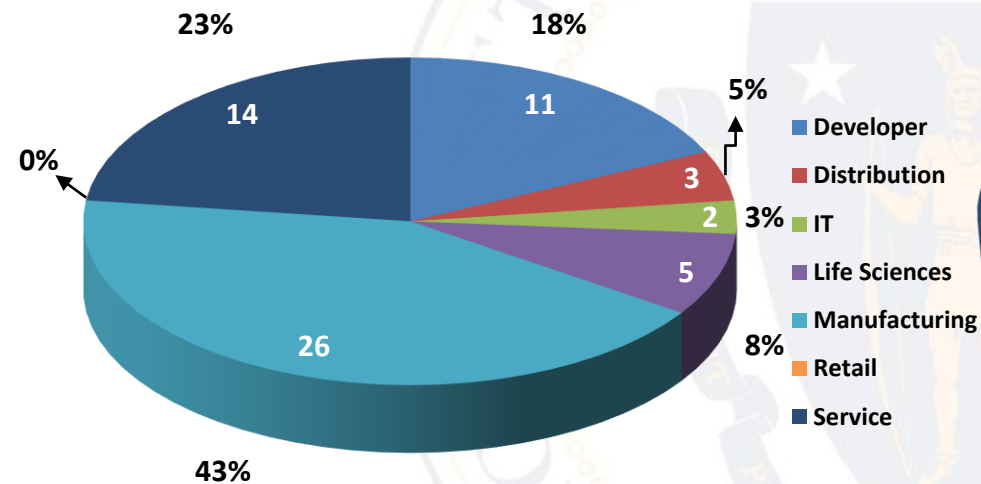
**Economic Development Incentive Program Credit

Fiscal Year 2017 EDIP Projects



Number of Projects by Industry (#)

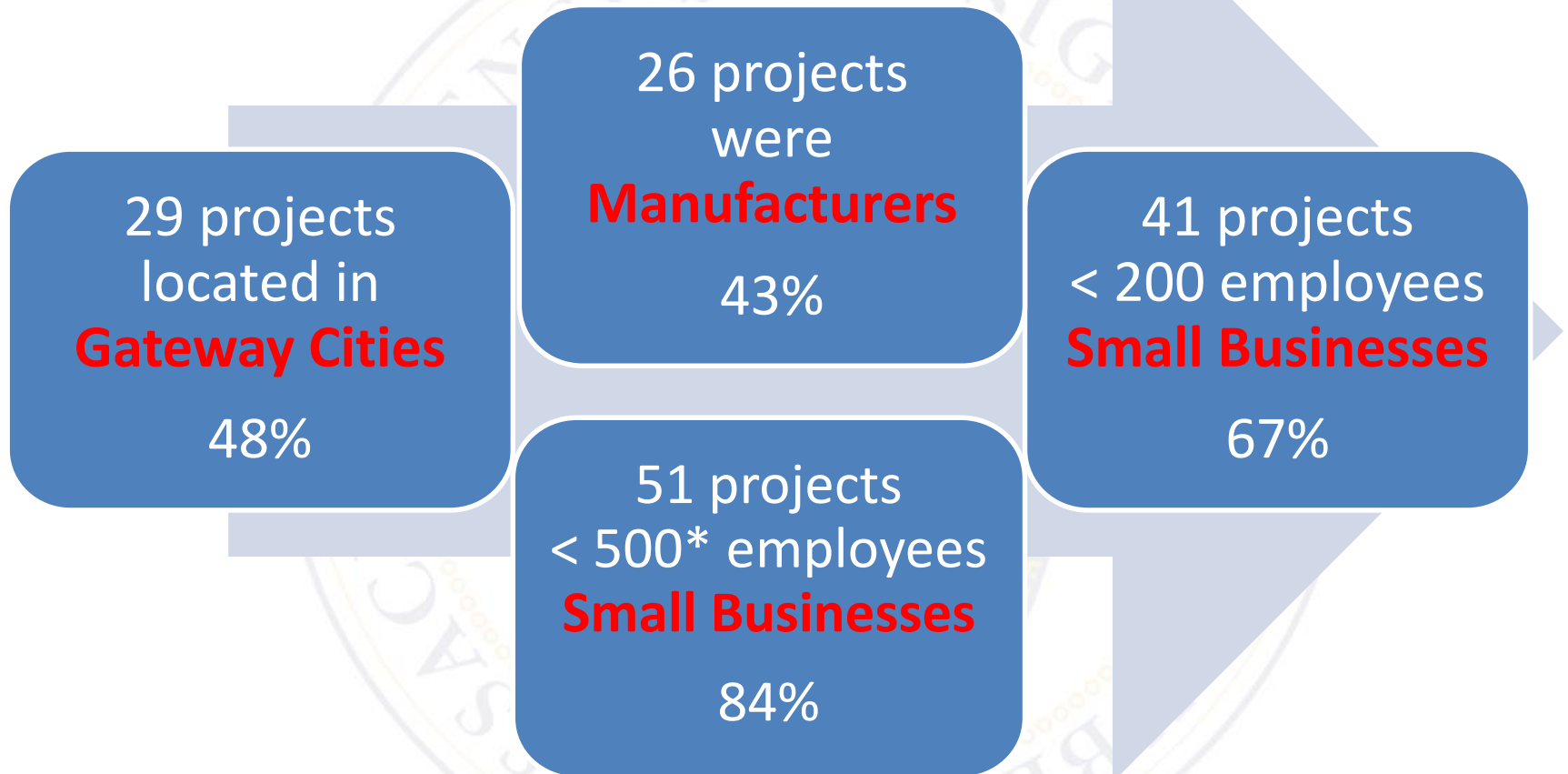
EDIPC Awarded by Industry (\$)



Fiscal Year 2017 EDIP Projects



Of the 61 FY 2017 EDIP Projects Approved:



*Small Business Administration (SBA) defines small businesses as having fewer than 500 employees and less than \$7 million in sales

FY 2017 Accomplishments



In Addition to the EDIP Projects Approved:

- Held four regularly scheduled **EACC Board Meetings** (September, December, March, June)
- **Annual reporting** was conducted for **406** active EDIP projects (not including the 19 December 2016 projects that were newly approved).
- Six **hearings** were held at the request of non-compliant companies in program
- EACC **decertified 12** EDIP projects and approved the **voluntary withdrawal** of Certified Project status for **10** projects
- **21** projects expired on 6/30/2016
- **18** projects expired on 6/30/2017
- We begin **FY 2018** with **443 active projects**

FY 2017 Accomplishments



- The signing of Chapter 219 of the Acts of 2016 *“An Act Relative to Job Creation and Workforce Development”* produced significant changes to EDIP
- Implemented new criteria for EACC Board to consider when evaluating projects and determining awards to align with statutory changes including:
 - Competitiveness of situation; does a “but for” exist?
 - Community profile (Gateway City?)
 - Municipal unemployment rate and how it compares vs. the state’s unemployment rate
 - Job creation and timing of jobs to be created
 - Average wages of the jobs and do they include healthcare benefits and/or some type of retirement benefits?
 - Municipal support in the form of a TIF or STA
 - Commitment to local procurement of goods and services

FY 2017 Accomplishments



- Completed outreach to all open EDIP projects approved between 1994 and 2012 (212 companies) as required in the new legislation to obtain executed contracts between company and the Commonwealth by December 31, 2016
 - 133 executed contracts received
 - 57 companies indicated tax credits exhausted; no contract needed
 - 42 companies without contracts were reported to DOR to prevent from claiming additional EDIP tax credits in the future
- Began tracking projects not invited to proceed to supplemental application stage
- Began providing EACC Board with additional background and results for any EDIP applicants previously in the program
- Provided feedback, suggestions and considerations to Counsel as new EDIP regulations were being shaped and reformulated.

FY 2017 Accomplishments



- Proposed EDIP as a pilot project to Interagency Data Sharing Initiative team to reach better understanding of effectiveness of the tax credits in job creation
- Presented statutory changes in Economic Development Incentive Program and communicated criteria EACC Board will use to evaluate projects to various groups:
 - March 29 - Boston – MassEcon Incentives Roundtable
 - June 15 – Gloucester – Northeast Region Municipal Meet-up
 - June 22 – Mashantucket, CT – Tax Executive Institute Regional Conference
- Also, participated in field meetings and conference calls with companies and municipalities interested in learning more about EDIP

FY 2018 Goals & Initiatives



- Finalize regulatory changes to conform with new statute.
- Hold 6 regional municipal outreach meetings to alert municipal officials on changes to EDIP once regulations are promulgated
- Provide Counsel with ongoing suggestions/opportunities for EDIP statutory reform
- Continue to publicize that EDIP has evolved:
 - Program is competitive and not an entitlement
 - Evaluating “but for these EDIP incentives, jobs and investment would not occur” when reviewing project applications
- Hold at least one EACC Board Policy Meeting
- Support Interagency Data Sharing Initiative team efforts if EDIP is chosen as a pilot project

FY 2017 EDIP Projects Approved



Greater Boston Region

Municipality	Region	Business Name	Industry	Category of Project	Jobs Created	Jobs Retained	Private Investment	EDIPC Award Total	EACC Date	Gateway
Boston	Greater Boston	Wayfair, LLC	IT	Enhanced Expansion Project	460	2880	\$105,178,207	\$1,150,000	3/22/2017	N
Braintree	Greater Boston	Channel Fish Processing Co. Inc.	MFG	Expansion Project	32	98	\$15,300,000	\$240,000	6/21/2017	N
Brockton	Greater Boston	Evans Machine Co., Inc.	MFG	Manufacturing Retention Project	14	59	\$2,262,750	\$105,000	3/22/2017	Y
Cambridge	Greater Boston	Akamai Technologies, Inc.	IT	Job Creation Project	700	1666	\$136,000,000	\$700,000	9/21/2016	N
Cambridge	Greater Boston	EFEKTA Group, Inc.	SER	Enhanced Expansion Project	300	1150	\$133,400,000	\$6,000,000	3/22/2017	N
Chelsea	Greater Boston	Broadway Hotel, LLC	SER	Expansion Project	40	0	\$29,821,700	\$280,000	9/21/2016	Y
Chelsea	Greater Boston	Golden Cannoli Shells Company, Inc.	MFG	Manufacturing Retention Project	16	52	\$5,606,831	\$120,000	9/21/2016	Y
Chelsea	Greater Boston	Emerald Corporate Center, LLC	DEV	Local Only	7	0	\$114,000,000	\$0	3/22/2017	Y
Chelsea	Greater Boston	Rosev Dairy Foods, Inc.	SER	Local Only	5	30	\$6,675,000	\$0	9/21/2016	Y
Chelsea	Greater Boston	Maple Hotel Company	SER	Local Only	0	51	\$9,800,000	\$0	12/13/2016	Y
Medford	Greater Boston	Bianco & Son's, Inc.	MFG	Expansion Project	20	27	\$8,543,376	\$250,000	12/13/2016	N
Needham	Greater Boston	NBC Universal Media LLC / NBC Boston Realty, LLC	SER	Local Only	0	375	\$125,000,000	\$0	6/21/2017	N
Quincy	Greater Boston	Granite Telecommunications	SER	Expansion Project	82	0	\$36,000,000	\$3,600,000	12/13/2016	Y
Randolph	Greater Boston	Cox Engineering	MFG	Local Only	20	140	\$9,000,000	\$0	6/21/2017	N
Weymouth	Greater Boston	Prodrive Technologies	MFG	Expansion Project	110	2	\$38,000,000	\$1,375,000	12/13/2016	N

FY 2017 EDIP Projects Approved



Merrimack Valley & MetroWest, Northeast Regions

Municipality	Region	Business Name	Industry	Category of Project	Jobs Created	Jobs Retained	Private Investment	EDIPC Award Total	EACC Date	Gateway
Acton	Merrimack Valley and MetroWest	Insulet Corporation	LS	Local Only	250	500	\$140,000,000	\$0	6/21/2017	N
Andover	Merrimack Valley and MetroWest	Pfizer, Inc.	LS	Local Only	75	1109	\$200,000,000	\$0	9/21/2016	N
Canton	Merrimack Valley and MetroWest	Fresenius Kabi Compounding, LLC	LS	Local Only	65	0	\$8,550,000	\$0	6/21/2017	N
Lawrence	Merrimack Valley and MetroWest	Valentine and Kebartas, LLC	SER	Expansion Project	50	143	\$385,250	\$250,000	6/21/2017	Y
Lawrence	Merrimack Valley and MetroWest	3Dekor LLC, dba 3Decor LLC	MFG	Manufacturing Retention Project	35	1	\$2,136,500	\$256,380	3/22/2017	Y
Littleton	Merrimack Valley and MetroWest	Patriot Beverage, LLC	MFG	Expansion Project	50	3	\$22,750,000	\$625,000	12/13/2016	N
Norwood	Merrimack Valley and MetroWest	Moderna Therapeutics, Inc.	LS	Local Only	120	100	\$110,000,000	\$0	12/13/2016	N
Walpole	Merrimack Valley and MetroWest	Siemens Healthcare Diagnostics, Inc.	LS	Local Only	400	629	\$300,000,000	\$0	9/21/2016	N
Amesbury	Northeast	Martin Development, LLC	DEV	Local Only	0	0	\$2,500,000	\$0	9/21/2016	N
Gloucester	Northeast	GlassTech Boat Service, LLC	SER	Local Only	3	3	\$550,000	\$0	6/21/2017	N
North Andover	Northeast	F.H Cann & Associates, Inc.	SER	Expansion Project	220	139	\$1,887,500	\$2,000,000	3/22/2017	N
Salem	Northeast	Naumkeag, LLC	DEV	Local Only	0	0	\$862,000	\$0	3/22/2017	Y

FY 2017 EDIP Projects Approved



Southeast Region

Municipality	Region	Business Name	Industry	Category of Project	Jobs Created	Jobs Retained	Private Investment	EDIPC Award Total	EACC Date	Gateway
Dartmouth	Southeast	AHEAD, LLC	MFG	Expansion Project	25	261	\$11,000,552	\$312,500	12/13/2016	N
East Bridgewater	Southeast	Twins Enterprise, Inc.	DIST	Expansion Project	30	287	\$21,200,000	\$150,000	3/22/2017	N
Fall River	Southeast	U.S. Bedding, Inc.	MFG	Manufacturing Retention Project	50	38	\$475,167	\$190,067	9/21/2016	Y
Fall River	Southeast	775 Davol Street, LLC	DEV	Local Only	16	25	\$3,370,000	\$0	12/13/2016	Y
Fall River	Southeast	Ice Cube, LLC and Hutchens Holding	DIST	Expansion Project	12	206	\$14,918,801	\$150,000	12/13/2016	Y
Fall River	Southeast	CEA Nashua, LLC	DEV	Local Only	0	0	\$5,000,000	\$0	12/13/2016	Y
New Bedford	Southeast	American Holdco, LLC	MFG	Manufacturing Retention Project	42	40	\$1,000,000	\$400,000	12/13/2016	Y
New Bedford	Southeast	Quality Custom Packing, Inc.	MFG	Local Only	21	5	\$900,000	\$0	12/13/2016	Y
New Bedford	Southeast	Freedom Restoration, LLC	SER	Expansion Project	12	0	\$615,000	\$36,274	12/13/2016	Y
New Bedford	Southeast	New Bedford Urban Renaissance II, LLC	DEV	Local Only	0	0	\$9,970,000	\$0	9/21/2016	Y
Plympton	Southeast	Litecontrol Corporation	MFG	Expansion Project	60	163	\$4,650,000	\$450,000	6/21/2017	N
Taunton	Southeast	Maxon Precision Motors, Inc.	MFG	Manufacturing Retention Project	70	42	\$11,085,000	\$1,000,000	3/22/2017	Y
Taunton	Southeast	Algonquin Acquisition Co.	SER	Local Only	0	0	\$72,000,000	\$0	3/22/2017	Y

FY 2017 EDIP Projects Approved



Central Region

Municipality	Region	Business Name	Industry	Category of Project	Jobs Created	Jobs Retained	Private Investment	EDIPC Award Total	EACC Date	Gateway
Hudson	Central	CPI Radant Technologies Inc.	MFG	Local Only	30	70	\$5,400,000	\$0	6/21/2017	N
Sturbridge	Central	Arland Tool and Manufacturing, Inc.	DEV	Local Only	0	0	\$4,000,000	\$0	6/21/2017	N
West Boylston	Central	Curtis Industries	MFG	Local Only	0	125	\$11,000,000	\$0	9/21/2016	N
Worcester	Central	Pieco Holdings dba Table Talk Pies, Inc.	MFG	Manufacturing Retention Project	50	30	\$7,400,000	\$750,000	12/13/2016	Y
Worcester	Central	Chacharone Properties, LLC	DEV	Local Only	0	0	\$600,000	\$0	12/13/2016	Y
Worcester	Central	Armory Business Center, LLC	DEV	Local Only	0	0	\$1,600,000	\$0	6/21/2017	Y

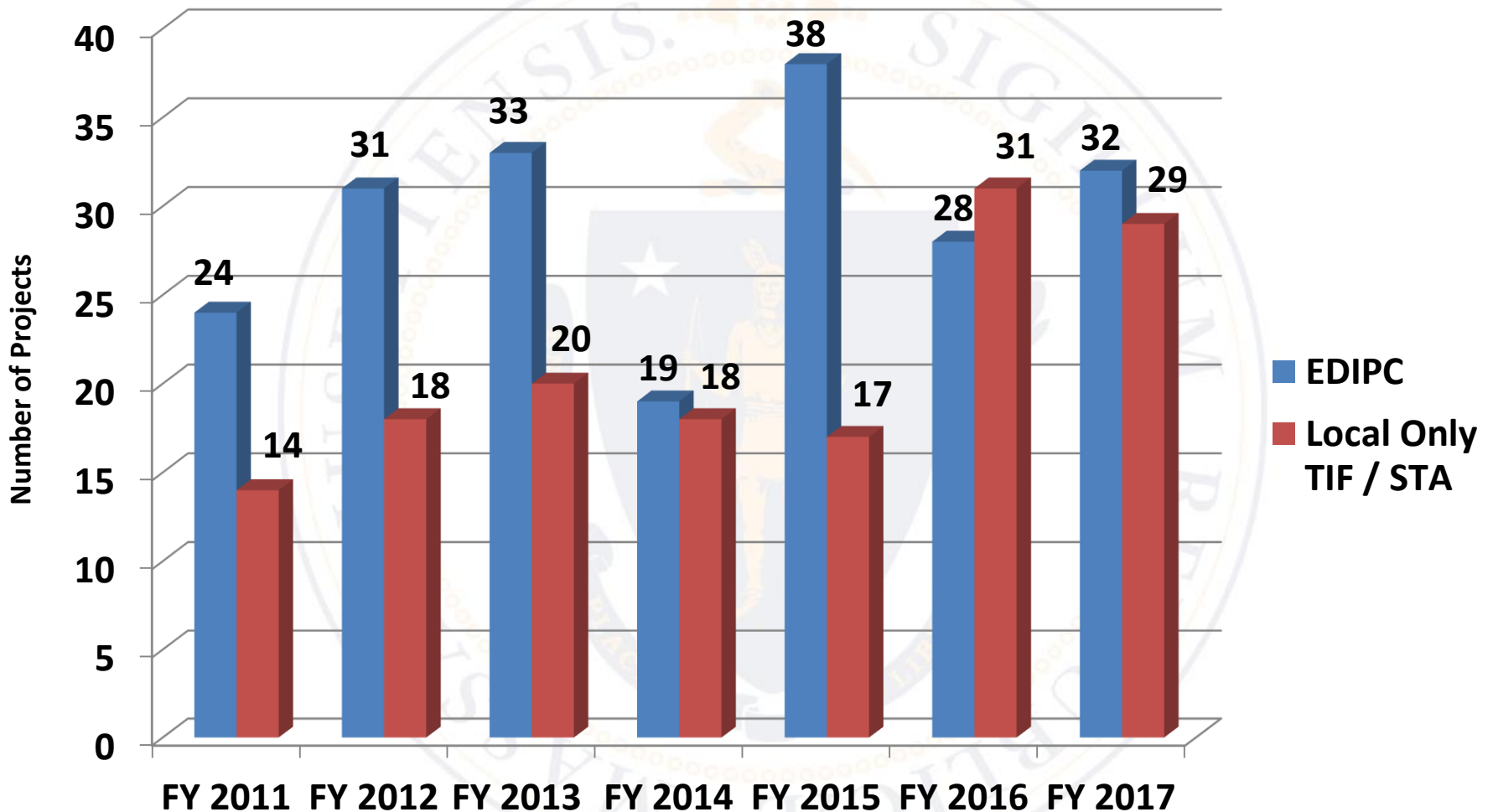
FY 2016 EDIP Projects Approved



Western Region

Municipality	Region	Business Name	Industry	Category of Project	Jobs Created	Jobs Retained	Private Investment	EDIPC Award Total	EACC Date	Gateway
Agawam	Western	Sound Seal, Inc.	MFG	Expansion Project	15	63	\$950,000	\$75,000	3/22/2017	N
Chicopee	Western	Consumer Products Distributors Inc. dba J. Polep Distribution	DIST	Expansion Project	77	486	\$9,000,000	\$477,850	6/21/2017	Y
Chicopee	Western	Chicopee Hospitality	SER	Local Only	30	3	\$11,292,250	\$0	6/21/2017	Y
Dalton	Western	The Stationary Factory, LLC	DEV	Local Only	0	0	\$2,821,500	\$0	9/21/2016	N
Greenfield	Western	International Container, Co., LLC	MFG	Expansion Project	32	48	\$9,150,000	\$400,000	12/13/2016	N
Greenfield	Western	Decker Machine Works, Inc.	MFG	Expansion Project	10	18	\$2,301,000	\$125,000	12/13/2016	N
Holyoke	Western	Sealed Air Corporation	MFG	Manufacturing Retention Project	24	75	\$1,200,000	\$132,000	12/13/2016	Y
Holyoke	Western	AACO Realty, Corp.	DEV	Local Only	0	0	\$650,000	\$0	12/13/2016	Y
Lenox	Western	Morrison's Home Improvement Specialists Inc.	SER	Local Only	5	15	\$666,420	\$0	6/21/2017	N
Northampton	Western	VCA, Inc.	MFG	Expansion Project	6	30	\$1,410,570	\$75,000	9/21/2016	N
Pittsfield	Western	Modern Mold and Tool, Inc.	MFG	Manufacturing Retention Project	20	50	\$3,000,000	\$145,000	3/22/2017	Y
Pittsfield	Western	Shire City Herbals, Inc.	MFG	Expansion Project	10	14	\$1,272,005	\$74,000	3/22/2017	Y
Shelburne Falls	Western	William Green, Inc.	MFG	Local Only	7	7	\$1,300,000	\$0	9/21/2016	N
Sturbridge	Western	Publick House Service Corp.	SER	Expansion Project	10	87	\$6,300,211	\$50,000	6/21/2017	N
West Springfield	Western	Agri-Mark, Inc.	MFG	Local Only	12	115	\$17,142,023	\$0	6/21/2017	N

Closed EDIP Projects by Fiscal Year





Ex Officio Members

Governor Appointees

- EOHED – Carolyn Kirk, co-chair
- DHCD – Louis Martin, co-chair
- MOBD – Nam Pham
- EOHED – Ricks Frazier
- DCS – Brian Decelles
- DLWD – Ken Messina
- CommCorp – Anne Klayman
- West – Kathleen Anderson
- Central – Paul Matthews
- East – Drake Behrakis
- Merrimack Valley – Joe Bevilaqua
- Southeast – Joseph Michaud
- Cape & Islands – David Keator
- Higher Ed – Dr. Michael Goodman

EDIP Contacts



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Visit:

www.mass.gov/mobd

www.mass.gov/edip

www.mass.gov/hed

Statutory References



EDIP Governing Statute:

[M.G.L. Chapter 23A: Section 3A-3F](#)

[3A: Definitions applicable to Sections 3A to 3H](#)

[3B: The Economic Assistance Coordinating Council](#)

[3C: The Economic Assistance Coordinating Council; Powers duties](#)

[3D: Economic Target Areas](#)

[3E: Economic Opportunity Areas](#)

[3F: Certified projects; Proposals](#)

EDIP Regulations:

[402 Code of Massachusetts Regulations 2.00](#) – **Currently under revision**

EDIP Regulations effective January 1, 2010

EDIP Reformation Statutes:

[Chapter 166 of the Acts of 2009](#)

Reforms to M.G.L. Chapter 23A effective January 1, 2010

[Chapter 240 of the Acts of 2010: Sections 15 - 23](#)

Reforms to M.G.L. Chapter 23A Sections 3A & 3F effective January 1, 2010

[Chapter 287 of the Acts of 2014:](#)

Reforms to M.G.L. Chapter 23A effective July 1, 2014

[Chapter 219 of the Acts of 2016:](#)

Reforms to M.G.L. Chapter 23A effective January 1, 2017

EDIP Investment Tax Credit Statutes:

[M.G.L. Chapter 62: Section 6\(g\)](#)

Taxation of Incomes

[M.G.L. Chapter 63: Section 38N](#)

Taxation of Corporations: Economic Development Incentive Program; Tax Credit for Certified Projects

[M.G.L. Chapter 63: Section 31A](#)

Taxation of Corporations: Investment Credit for Certain Corporations; Limitations

Abandoned Building Renovation Deduction Statute:

[M.G.L. Chapter 63: Section 38O](#)

Economic Opportunity Areas; Tax Deduction for Renovation of Abandoned Buildings

Department of Revenue Releases on the EDIP Investment Tax Credit for Certified Projects Approved January 1, 2010 onward:

Note: Guidance may be superseded or applicable to prior versions of the EDIP statute.

[Department of Revenue Technical Information Release 10-1](#)

Economic Development Incentive Program Credit

[Department of Revenue Technical Information Release 10-15](#)

Certain Local Property Tax, Personal Income Tax, Corporate Excise, and Tax Administration Changes in "An Act Relative to Economic Development Reorganization"

[Department of Revenue Technical Information Release 16-15](#)

Tax Provisions Included in "An Act relative to job Creation and Workforce Development"

Regulations applicable to prior version of EDIP statute:

Department of Revenue Releases on the Economic Opportunity Area Credit for Certified Projects Approved Prior to January 1, 2010:

[830 Code of Massachusetts Regulations 63.38 N.1](#)

Regulations and calculation of Economic Opportunity Area Credit

[Department of Revenue Division of Local Services: Informational Guideline Release No. 94-201](#)

Property Tax Exemptions to Promote Economic Development

[Department Of Revenue Directive 09-4](#)

Effect that the Expiration of a Project's Certification has on the Economic Opportunity Area Credit

Local Tax Increment Financing Statutes and Regulations:

[M.G.L. Chapter 40: Section 59](#)

Powers and Duties of Cities and Towns: Tax Increment Financing Plan

[MGL Chapter 59: Section 5, Paragraph 51](#)

Assessment of Local Taxes: Property; Exemptions

[760 Code of Massachusetts Regulations 22.00](#) – **Proposed to be rescinded**

Establishes standards and procedures for designation of Tax Increment Financing (TIF) Zones and for the development of Tax Increment Financing Plans.